

# POOR SUPPORT

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## Poverty in the American Family

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## Beyond Welfare

It was one of those poignant scenes that talk shows thrive on. On September 17, 1986, Oprah Winfrey was hosting an hour on welfare, and the most prominent guest was Lawrence Mead, who had recently finished a provocative book calling for mandatory work for people who are on welfare. But the action was in the audience. Two women were yelling, not at the host or the guest, but at each other. The women looked and even dressed similarly, but their antagonism was unmistakable. One said that even though she was working her tail off, trying to earn enough money to raise her family, she was hardly making it. But she certainly was not going to take any handouts. She deeply resented the mothers on welfare who were getting money, medical insurance, and food stamps while they were doing nothing. The other woman, who was on welfare, countered by saying that no lazy person could raise and clothe a family on the tiny amount that she was given for welfare and food stamps and that hers was a hard and often desperate struggle. Both women felt they were trying hard. Both felt they weren't making it. And both hated the welfare system.

Everyone hates welfare. Conservatives hate it because they see welfare as a narcotic that destroys the energy and determination of people who already are suffering from a shortage of such qualities. They hate it because they think it makes a mockery of the efforts of working people, such as the woman on the Oprah Winfrey show. Liberals hate it because of the way it treats people. The current system offers modest benefits while imposing a ridiculous array of rules that rob recipients of security and self-esteem. Recipients are offered no real help and have no real dignity.

The American public hates welfare, too. In 1984, according to a survey of the National Opinion Research Center (NORC), some 41 percent of Americans thought we were spending too much on welfare. Only 25 percent thought we spent too little. According to political scientist Hugh Heclo, "The general pattern has varied little since the New Deal: since 1935 a majority of Americans have never wanted to spend more on welfare."<sup>1</sup> Politicians would have to be out of their minds to campaign for expanded welfare benefits.

### Why Does Everyone Hate Welfare?

Those who defend welfare in spite of its problems often claim that the critics of welfare lack compassion. This same lack of compassion, they say, can be seen in budget cuts for programs to educate and feed young children, in attempts to restrict medical protection, and in plans to limit job training programs. They wonder, where is the understanding and support for those who are less fortunate?

Defenders of welfare emphasize that social welfare policy is badly misunderstood. Most of the money spent to help people goes to the aged or disabled. Much is spent on medical care. When you look at how much money actually is targeted for cash, food, or housing for the young and healthy poor, you

discover that the money represents less than 4 percent of the government's total expenditures and less than 1.5 percent of the national income. And there is little evidence that welfare has played a major role in changing the structure of the family or altering values. Even a conservative Reagan administration report on the family, which Senator Daniel Patrick Moynihan labeled "less a policy paper than a tantrum,"<sup>2</sup> acknowledged that "statistical evidence does not confirm those suppositions" that welfare is responsible for the high illegitimacy rates in some minority groups.<sup>3</sup>

Stinginess surely plays a role in attitudes toward welfare. Yet the current conservative bibles on the subject, Charles Murray's *Losing Ground* and Lawrence Mead's *Beyond Entitlement*, both profess a strong desire to help the poor. According to Murray, "When reforms do occur, they will happen not because the stingy people have won, but because generous people have stopped kidding themselves."<sup>4</sup> Mead argues, "The main problem with the welfare state is not its size, but its permissiveness."<sup>5</sup> And the American public, which is so unwilling to expand welfare, is strongly in favor of doing more to help the poor. When the phrase "assistance for the poor" was substituted for "welfare" in the NORC survey just mentioned, some 64 percent favored spending more, and only 11 percent said the country should spend less.

I doubt that a misunderstanding of social welfare policies is the real heart of the matter. It is not that Americans forget that a large share of "welfare" goes to the aged and disabled. They do not consider that money to be "welfare." Welfare, as the public uses the term and as I will use it in this book, means cash, food, or housing assistance to healthy nonaged persons with low incomes. That kind of welfare is what the public objects to, regardless of its size. The working woman on the Oprah Winfrey show would not have been comforted by statistics showing that we spend far more on Social Security than on welfare.

I believe the disdain for welfare reflects something much more fundamental than a lack of compassion or misinformation. Wel-

fare is a flawed method of helping people who are poor and disadvantaged. Welfare brings some of our most precious values—involving autonomy, responsibility, work, family, community, and compassion—into conflict. We want to help those who are not making it but, in so doing, we seem to cheapen the efforts of those who are struggling hard just to get by. We want to offer financial support to those with low incomes, but if we do we reduce the pressure on them and their incentive to work. We want to help people who are not able to help themselves but then we worry that people will not bother to help themselves. We recognize the insecurity of single-parent families but, in helping them, we appear to be promoting or supporting their formation. We want to target our money to the most needy but, in doing so, we often isolate and stigmatize them.

Charles Murray's powerful indictment of the social welfare system implicitly emphasizes these contradictions. According to Murray, the very system that was designed to help the poor has created dependent wards by penalizing the virtuous and rewarding the dysfunctional. Much of Murray's book is a graphical and statistical discussion of what has happened to the poor in general and to the black poor in particular. The intellectual establishment, particularly the liberal intellectual establishment, has been quick to attack Murray's work, and these attacks have cast considerable doubt on the credibility of his conclusions. But what is often missed in this frenzy is that although Murray is almost certainly wrong in blaming the social welfare system for a large part of the predicament of the poor, he is almost certainly correct in stating that welfare does not reflect or reinforce our most basic values. He is also correct in stating that no amount of tinkering with benefit levels or work rules will change that.

Welfare inevitably creates these conflicts because it treats the symptoms of poverty, not the causes. People are not poor just because they lack money. They are poor because they do not have a job, because their wages are too low, because they are trying to raise a child single-handedly, or because they are

undergoing some crisis. Worse yet, in treating the symptoms rather than the causes of poverty, welfare creates inevitable conflicts in incentives and values that undermine the credibility and effectiveness of the system.

Better solutions demand a better understanding of why people are poor and a set of social policies that respond to the causes. This book seeks to determine the causes of poverty in families with children. It is a book about policies that support people and help them cope with legitimate problems without turning to traditional forms of welfare. It is a book that seeks to help the poor in ways that reflect and reinforce our values.

## Of Causes and Values

How can we decide on the causes of poverty? Obviously we cannot allow ourselves to become trapped into simplistic conceptions or conclusions. Two of the most fruitless directions over the years have been "proof by success" and "proof by failure." The former is the traditional conservative method and the latter is the one adopted by liberals.

Conservatives proclaim that anyone can make it in this country, and they cite the many successes as proof of their argument. Millions of immigrants arrived in the United States with little more than a determination to succeed. They did well, and their children did better. Conservatives remind us of Linn Yann, the young Cambodian who came to this country at age 9, knowing no English, and reached the National Spelling Bee finals just six years later.<sup>6</sup> There are jobs unfilled, the conservatives say, low-paying jobs to be sure, but jobs that could serve as the starting point for ambitious people. People can escape poverty if only they use some elbow grease. The poor are those who lack the determination to make it.

Liberals laugh at the suggestion that people would knowingly turn down a chance to have middle-class security for a life of

poverty and dependence. They consider the failure of so many people to make it as proof of larger problems. The high rate of poverty, especially among children, is clear evidence that society has failed in some dimension or another. Liberals cite a long list of problems. There is a shortage of real jobs—jobs with a future. People are trapped by limited opportunities, poor education, discrimination, and historical and institutional patterns that limit the possibilities for success in our society. They are mistreated and misunderstood by policy.

Neither of these conceptions takes us far. That there are many successes surely does not prove that motivated people always succeed. That people fail does not tell us much about what might be the problem. What is required is something more than tired anecdotes and analogies that are used to debate the basic character of human beings. Such approaches seem fraught with hidden biases, agendas, and motivations.

But we also cannot expect to come up with a “scientific” reason for poverty in the same way that we could diagnose why an automobile isn’t running well. Behind any determination of the reasons for poverty must lie a set of values, judgments, and expectations. For example, suppose we find that a two-parent family with three children is poor even though the father is working full time. What is the cause of the family’s poverty? One could say that the father’s wages are too low, that the mother is not willing to work, that the family cannot find affordable day care, that the couple was irresponsible to have children when they could not support them, or that the father did not get enough education or has not worked hard enough to get a “good” job. Even if we talked to the family, it is possible that we would not be able to agree on just one “true” reason.

But if we can decide what is reasonable to expect of two-parent families, we can do better at assigning a cause and finding a solution. For instance, if we were willing to say that we believe that any two-parent family with children ought to be able to escape poverty through the full-time efforts of one worker, then we can say that, at least for policy purposes, the

problem is low wages. And then we might consider ways to raise the father’s take-home pay.

The basis for poverty, then, is inevitably tied to our values and to our expectations of our society and its citizens. Once such values and expectations are determined, then it is possible to identify some direct and often correctable reasons for poverty. When the problem is low wages, then wage rates need to be raised. When the problem is a lack of work, then jobs are called for. When the problem is that one parent is trying to do the job of two, then support from the absent parent may be a start. Scientific methods can tell us a great deal about the nature of the problem, but the ultimate decisions will have to come from a deeper set of principles.

It may sound unrealistic or even arrogant to suggest that, in making policies to deal with poverty, we can and must make judgments about ourselves and our society. One appeal of welfare is that it seems to dispose of the need to determine what is the nature of poverty and what is expected of the poor. But any policy that ignores the causes of the problem cannot provide real solutions.

And, of course, welfare actually is loaded with implicit assumptions and expectations. The recent debate over welfare policy offers clear and convincing proof that deciding on a welfare-based strategy involves many value judgments. The body politic cannot decide whether welfare is for those who are not expected to work, those who are working but need an additional boost in income, those who are in temporary difficulty, or those who are healthy but who cannot or will not provide for themselves.

Given the clashes in values, it seems logical that welfare is a perpetual scapegoat. The public image of welfare recipients shifts from one stereotype to another. Benefits are raised and lowered, obligations are imposed and withdrawn, and eligibility conditions are expanded or restricted, depending on the current political winds. It is no wonder that all sides constantly want some alternative to welfare.

## Reform Welfare or Replace It?

At this writing, the country is once again engaged in one of its occasional moves toward welfare reform. No one seriously expects the government to heed the conservative call to eliminate welfare. And few now suggest instituting a guaranteed annual income (the so-called negative income tax), as was recommended during the last major period of welfare reform. Instead, people talk of imposing new obligations and responsibilities on recipients. In exchange, the government will offer training or jobs.

Some of these steps are useful and important. They represent the beginning of a change from a system of support that is designed simply to provide assistance until a person is no longer poor to a more activist conception, in which the government's role is to help people make it on their own. Adding work and training moves the welfare system slightly closer to the general values we espouse. Imposing obligations is more ambiguous, since it seems to reinforce work but raises questions of dignity.

But the evidence from every careful experiment that has been done suggests that these steps alone will have only a modest effect on welfare caseloads and on the ability of the disadvantaged to provide for themselves. The reason is simple. Such modifications in the welfare system alone will not be sufficient to solve the real causes of poverty. They will not make single parents much more productive or eliminate their child care responsibilities. They will not raise wages. They will not reinforce and strengthen families. They will not give the poor real dignity or responsibility. They will not do much to integrate the poor into the economic mainstream. They cannot resolve the fundamental conflicts of the welfare system.

The tragedy of this new agenda is that, in recent years, the proclaimed goal of those at most points on the political spectrum has been the same: to make certain that people can make it on their own without the need, frustration, or stigma of

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welfare. In spite of this shared goal, all sides seem willing to settle for a system that falls far short of encouraging or reinforcing it.

I believe that we have too quickly accepted the view that we cannot achieve this dream of giving everyone a chance to make it without welfare. If we committed ourselves to that goal and designed our support systems around it, we could find a set of policies that would be more helpful to the poor and more in concert with our basic values. The aim must not be to make welfare function better. The objective should be to replace welfare with something that takes much better account of the problems faced by the poor—a system that ensures that everyone who exercises reasonable responsibility can make it without welfare.

In this book, I talk explicitly about values and argue that we can decide on reasonable expectations. Using such decisions as an anchor, we can try to understand why people are poor. I look separately at two-parent families, single-parent families, and the ghetto poor. In each case, I find that there are generally three groups among the poor.

The first, large, group consists of families in which the adults are already doing a great deal for themselves: both two-parent families with one or two full-time workers and single-parent families in which the parent works full or part time and tries to balance the dual roles of nurturer and provider. These people ought to be encouraged and rewarded. Instead, they often receive no medical protection or additional support. Or they are put into the welfare system that penalizes their work, imposes extra demands on them, and stigmatizes them. The treatment of these hard-working families is one of the most disturbing features of our current system.

The second group includes those who are suffering temporary difficulties because of a job loss, a change in their family's circumstances, or some personal problem. These people need help, but only until they get on their feet. But they are often left to fend for themselves. Or they are put into a public assis-

tance system that provides little cash assistance; limited, if any, services and training; and no incentives or pressure to regain their independence.

The third group consists of the few who are healthy but who seem unable to find work on their own and need some form of long-term support. This support often comes in the form of welfare. Some people end up collecting benefits for many years, never gaining control over their lives, and always dependent on and belittled by a stingy and unpleasant welfare system. These long-term unemployed people need work more than welfare.

I contend that a far better system would have three different types of support that would reflect the needs of each of these groups:

- *Supplemental Support.* People who are willing to work as much as society deems reasonable ought to be able to support their families at or above the poverty level without relying on welfare or welfare-like supports. Instead of welfare, the government should use such tools as tax policy and child support to ensure that such people can make it without entering a welfare system. For a two-parent family, the reasonable standard of work should be one full-time worker or the equivalent. For a single-parent family, the expectation should be half-time work from the custodial parent and child support from the absent one.
- *Transitional Support.* People who are not working because of temporary difficulties, such as the loss of a job or a recent change in their family's circumstances, ought to be offered short-term transitional assistance that includes training and services that are designed to help them become self-supporting, coupled with short-term cash support.
- *Jobs as a Last Resort.* Long-term income support beyond the supplemental support measures designed to ensure that anyone can make it through work ought to come in the form of jobs—not in the form of cash welfare for an indefinite duration.

Our goal should be to increase both the security and the responsibility of poor families. Anyone who is meeting reasonable responsibilities ought to be guaranteed of "making it" without welfare through a system of supplemental supports

that are designed to reward work and responsibility. People with short-run and transitional problems deserve to be treated generously and sympathetically. But, ultimately, there ought to be some expectation that people will provide for themselves through work. Such an expectation is fair if (and only if) sufficient supplemental assistance is in place so that people need not work more than is "reasonable" and if the government ensures that last-resort jobs are available for people who have used up their transitional assistance.

## Organization of the Book

Chapter 2 begins the discussion of the most important values that influence policy. It points to the inevitable way in which welfare brings those values into conflict. It also shows how nonwelfare solutions have been used with great success in many situations to avoid the conflicts inherent in welfare. Chapter 3 focuses on what is often seen as the primary cause of increased poverty in families: changing family structure. That chapter seeks to explain those changes and explore what policies, if any, are likely to influence them. Chapters 4–6 are devoted to each of three groups among the poor: two-parent families, single-parent families, and the ghetto poor. In each case, I explore the causes of poverty for families in those settings and examine policies to deal with the problems. The last chapter—chapter 7—explores the hopes of changing the nature of welfare and poverty in the future.

One special note: this book is exclusively about the poverty of families with children. Originally, I had hoped to talk about all of the poor: families, the elderly, single individuals, and childless couples. But I found the diversity of these groups was too much to cover in one book. So the focus is on families with children—the group that seems to raise the greatest passions and concerns.

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# Values and the Helping Conundrums

Those who want more money spent on the poor often argue that it is in the public's self-interest to help. It is easy to do calculations that suggest that the ultimate cost to taxpayers of each teenage mother who is on welfare may exceed \$100,000 over her lifetime. Others note that criminal and other antisocial activities often spring from poverty. Politicians argue that when able-bodied people fail to work, the waste of resources can be enormous.

These are powerful arguments, but they are not necessarily convincing. We could save most of the money spent on dependent mothers simply by refusing to provide benefits. Although crime has been linked to poverty, is it so clear that we ought to spend money on all the poor (most of whom certainly are not

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criminals), rather than on strengthened law enforcement and expanded prisons?

I think America's support for the poor comes not from our most selfish instincts or greatest fears, but from our highest virtues. Helping is motivated by a sense of compassion and a desire for fairness. People are troubled when they see or even think of hungry or homeless people. They find it difficult to reconcile ill-fed, ill-clothed, and ill-housed Americans with the image of America as the land of plenty. They sense that our economy does not always provide for everyone who is willing to participate and that accidents of birth and nature leave some people in a weak position to compete. They fear that the poor do not succeed partly because they have not been given the same opportunities as have other Americans.

The National Conference of Catholic Bishops expressed this idea well when they claimed that our willingness to aid others ought to flow directly from our common sense of community and dignity.' We help because we feel empathy for our fellow citizens, recognize that the troubles of one could have befallen another, and believe that poverty is not necessarily a reflection of bad character.

But our sense of community and the resultant desire for fairness is but one of our closely held values. Other attitudes, such as a belief in the importance of work, family, or self-reliance also color our thinking, and they do not always lead so clearly to charitable feelings. If the desire to help comes from one of these closely held values, then we ought to be conscious of this and other values when we consider and evaluate programs designed to help the poor. Programs that tap into and reinforce common values are likely to enjoy the support of the poor and the nonpoor alike. In contrast, programs that bring' closely held values into conflict are sure to be politically volatile and controversial.

## Four Value Tenets

I have yet to find a definitive and convincing statement of our fundamental American values. The work of philosophers is often esoteric and the results of surveys are difficult to distill. Yet, I see recurring themes in public and academic discussion of what it is Americans believe. Four basic tenets seem to underlie much of the philosophical and political rhetoric about poverty.

- *Autonomy of the Individual.* Americans believe that they have a significant degree of control over their destinies and, at a minimum, that people can provide for themselves if they are willing to make the necessary sacrifices. The rags-to-riches American dream pervades our culture. Rugged individualists win respect even if their behavior borders on the eccentric or even the criminal.
- *Virtue of Work.* The work ethic is fundamental to our conceptions of ourselves and our expectations of others. People ought to work hard not only to provide for their families, but because laziness and idleness are seen as indications of weak moral character. The idle rich command as much disdain as jealousy; the idle poor are scorned.
- *Primacy of the Family.* The nuclear family is still the primary social and economic unit, and, certainly, its foremost responsibility is to raise children. Families are expected to socialize children, to guard their safety, to provide for their education, to impose discipline and direction, and to ensure their material well-being while they are young. The husband and wife are also expected to support each other.
- *Desire for and Sense of Community.* The autonomy of the individual and primacy of the family tend to push people in individualistic and often isolating directions. But the desire for community remains strong in everything from religion to neighborhood. Compassion and sympathy for others can be seen as flowing from a sense of connection with and empathy for others.

Many of the basic maxims that reflect the popular notions about our values follow quite directly from these tenets. The idea that people ought to be held responsible for their actions

follows directly from the tenet that people have individual control over their lives. The universal standard that a family should provide for itself is a reflection of the sense that people have considerable control over their financial destiny combined with a view that families bear the primary responsibility for support. Society's apparent preference for two-parent families probably stems, in part, from a belief that two parents can do a better job of providing financial security for and of carrying out the critical task of socializing and nurturing children. The view that people ought to be treated with compassion, dignity, and fairness arises from our common connection to others.

If our compassion comes largely from a sense of community, the preference for programs that integrate, rather than isolate, the needy is natural. So is the tendency for people to be more understanding of others who are like them. Yet the compassion is tempered by the tenets of autonomy and family, so that people whose current difficulty is obviously outside their immediate control are considered more worthy of help than are those who are seen as being responsible for their plight or at least in a position to improve it through individual or family actions.

These precepts also translate easily into goals for public policy. The ideal social policy system would encourage self-support and independence through work, make people responsible for their actions, strengthen families, and integrate the poor, while providing dignity and security. There is nothing novel or even controversial about these goals or the values behind them. If one looks at the goals espoused by those who would reform poverty policy, one often finds terms like *family stability incentives, work incentives, and independence.*<sup>2</sup>

It is not a coincidence, therefore, that recent works on poverty have emphasized these tenets. Indeed, four of the most visible recent works might be characterized as focusing primarily on a different one of these tenets even though they touched on the others. Charles Murray wrote about autonomy, motivation, and personal responsibility and the ways in which the

social welfare system undermines it.<sup>3</sup> Lawrence M. Mead emphasized the importance of work and the legitimacy of imposing work obligations.<sup>4</sup> Daniel Patrick Moynihan's *Family and Nation* called for more explicit family policies.<sup>5</sup> And, as was noted, the Catholic bishops urged America to help the poor out of a sense of community.

In emphasizing one value over the others, the authors found it possible to prescribe coherent and plausible changes in policy. It certainly is true that if one selects just one or two of these values for emphasis, one's choices about policy are easier. If autonomy is key, then any policy of assistance seems dangerous because it will certainly reduce the responsibility of individuals. If work is essential, then individual obligations make sense. If the family is paramount, we need family policies. If community is primary, then the society is obliged to ensure the economic security and dignity of its citizens.

The nub of the issue, though, is that Americans would like to avoid compromising on any of these dimensions. After all, people who work to support themselves and their families can believe that their actions reflect all these values. Yet, a poverty policy seems to bring these tenets into conflict. The essential question is this, Can we design social policies that are consistent with all these values or that at least minimize the conflicts between them? The usual answer is that conflict is inevitable. It is inevitable because of the helping conundrums.

### Three Helping Conundrums

The *American Heritage Dictionary* defines a conundrum as "a problem admitting to no satisfactory solution."<sup>6</sup> A conundrum is a damned-if-you-do and damned-if-you-don't situation. Both liberal and conservative academics agree that any poverty policy inevitably poses some difficult conundrums, largely because one is tempted to help those who could conceivably help them-

selves. These conundrums seem to suggest that poverty policy must always be an awkward compromise among competing values and perspectives. Let me pose and discuss three helping conundrums: the security-work conundrum, the assistance-family structure conundrum, and the targeting-isolation conundrum.

#### The Security-Work Conundrum

This conundrum reflects the oldest of the struggles over aid to the poor. When you give people money, food, or housing, you reduce the pressure on them to work and care for themselves. No one seriously disputes this proposition. Indeed, a very large part of the social science research on poverty in the past twenty years has been designed to answer the question of how much less people will work if they are given income support.

The conundrum is posed most starkly in a true welfare system—one that gives money to the poor solely on the basis of their income (the poorer you are, the more money you get). Welfare could discourage work for two conceptually different reasons: it reduces the pressure to work and it reduces the rewards of working.

Many liberals have argued that welfare can free people from exploitation and that this freedom is desirable. Others point out that welfare gives mothers the opportunity to stay home and raise their children rather than be forced to work to keep their family at a subsistence level. Nevertheless, when unemployed people get support, they clearly have less of a need to work. They find it is less urgent to take any job, regardless of how unpleasant or low paying it may be, or to have all able-bodied members of the household work. As a result, people are not as likely to work.

Moreover, if a poor person goes to work and increases his or her earnings, welfare benefits will be reduced, since he or she will be less poor and will qualify for less assistance. The rewards of working will be diminished because the increased earnings will be at least partially offset by the reduced welfare benefits.

Indeed, most welfare systems reduce welfare benefits at least fifty cents for each one dollar increase in earnings. The current system of Aid to Families with Dependent Children (AFDC) takes away nearly a dollar for each dollar increase in earnings. Thus, the poor who are on welfare face a tax on their earnings that often exceeds 50 percent and may even exceed 100 percent.

Whether the actual effects of welfare policies on labor supply are large or small is something of a matter of interpretation. Robert Moffitt's review of the literature suggests that single mothers on welfare would increase their current average hours of work from nine hours per week to perhaps fourteen hours if the major welfare program was abolished, implying that the program reduces work by 30 percent.<sup>7</sup> The 30 percent reduction in work looks big, though an absolute change of five hours per week seems less extreme. Similarly, Gary Burtless estimates that in the so-called negative income tax experiment (which will be discussed below), two-parent families reduced their earnings by \$1,800 or 12 percent. But these families only received an average of \$2,700 in government benefits during the experiment. Thus for every three dollars given in benefits, average earnings were reduced by two dollars.<sup>8</sup>

The exact numbers are not the issue. Whenever some security is provided, particularly cash security, the recipients feel less pressure to work. If that security is in the form of welfare and benefits are reduced as earnings increase, then the gain from working is reduced. Thus, the evidence shows that a pure welfare system has significant effects on work. The security-work conundrum, therefore, suggests a direct conflict between our desire to help those in need and our desire to encourage work and self-support.

### The Assistance-Family Structure Conundrum

No issue in poverty policy engenders more controversy than does the charge that the welfare system may be inducing changes in the family. The recent changes in the American family have been dramatic. In 1960, one child in ten lived in a

female-headed household. By 1985 the figure was roughly one child in four. The economic consequences for children can be severe, since the poverty rate for children in female-headed families was 54 percent in 1985, while the rate for those in all other families was 12 percent.<sup>9</sup> Conservatives charge that the social welfare system may have played a crucial role in weakening the family. Liberals claim that welfare was one of the few forces that protected children during this period of change. The conundrum is transparent: the economic insecurity of single-parent families leads to a natural desire to provide some level of support through welfare, yet such aid creates a potential incentive for the formation and perpetuation of single-parent families.

Our current welfare system gives virtually nothing to poor single individuals and childless couples. It provides only slightly more to poor two-parent families. It offers much more (though still far less than enough to avoid poverty) to single-parent families. Hence, it offers a greater subsidy to single-parent families than to any other healthy and nonelderly group.

There is logic in such a system. Single individuals and childless couples have fewer responsibilities and fewer constraints on working. Two parents in a family can share the responsibilities for childrearing and economic support. Single parents are in a much more difficult position. There is only one parent to perform both the nurturing and provider roles. The wages and earnings of women are usually considerably lower than those of men, so the potential earnings in households with no man are reduced. It really is no surprise that so many single-parent families are poor. It is also no surprise that the desire to help that group would be most strong.

But, of course, the problem with this logic is that it ignores the possibility that the higher benefits to single parents may encourage families to split up and young, unmarried women to have babies. The solution that is sometimes proposed is to establish a more uniform system that protects poor people, regardless of their family status.

Clearly, such a system could reduce somewhat the incentives to form single-parent families over the present system. But extending welfare to two-parent families would not resolve this conundrum. The mere existence of income supports for the poor—even income supports available to both two-parent and single-parent families—will inevitably increase the incentives to form single-parent families because it will reduce the costs of being in such families. Precisely because single-parent families are more insecure than are two-parent families, a welfare system will provide more help to single-parent families than two-parent ones. Welfare reduces the income differential between two-parent homes (which are not usually poor and therefore usually do not need welfare) and single-parent homes (which are usually poor and are likely to need welfare). Or, in the language of conservatives like George Gilder, welfare reduces the need to rely on a man for support.<sup>10</sup>

There are good reasons to wonder if such a situation is entirely bad. Surely a system that allows children and their mothers to escape an unhappy, destructive, or even dangerous family environment can be beneficial to the individuals and to society. And many feminist and liberal thinkers argue that it is precisely the reliance of women on men that has forced women into subservient and inferior roles. Yet few would be sanguine about a system that encourages unmarried women to have children and then become dependent on welfare for a long time.

Perhaps it is surprising, then, that virtually every careful social science study that has investigated this issue has found that the welfare system has had little effect on the structure of families. This issue will be discussed in the next chapter, so I will not explore the empirical findings here. It is enough to say here that most people simply do not believe these studies. Roughly half of all Americans say they believe poor women often have babies so they can collect welfare, and an even larger fraction of *poor* Americans say they believe it to be true.<sup>11</sup> Moreover, there is no question about the direction of the economic incentives. Single-parent families tend to be poor; welfare di-

minishes their poverty and thus reduces the cost of being in such a family.

The acknowledgment that welfare could increase the number of single-parent families certainly does not imply that such assistance should not be given. The poverty of such families is extreme and the options that are available to them are often limited. And certainly the wealth of statistical evidence indicating that the receipt of welfare does not have much of an impact on the structure of families is reassuring. But both the need for aid and the negative incentives of providing it are clear. That is why it can be such a vexing conundrum.

### The Targeting-Isolation Conundrum

Although the other two conundrums get all the attention, this one may be the most important of all. A natural goal of policy is to target services to those who are most in need, but the more effectively you target, the more you tend to isolate the people who receive the services from the economic and political mainstream.

Because social policy costs money, there is a desire to focus that money on the “truly needy.” In welfare policy, that means focusing resources on those who are the poorest. In employment and training policy, it often means spending the most on those who have the most serious deficiencies, even if it means turning others away. In education, it means providing special services for the educationally or physically impaired. The logic behind such targeting is obvious: put the dollars where they are needed most.

Yet targeting carries other costs that do not show up on the bottom line of the budget. Any time people receive special treatment, a clear signal is being sent that those people are somehow different. In the case of welfare, the message seems to be that people on welfare are deficient in some way. That signal, which is often received by both the recipients and the society at large, can have a host of unintended consequences. Targeting can label and stigmatize people. It tends to alter soci-

ety's rules and rewards for those in need. And it heightens the differences between those who are in need and the rest of society, making for a weak political base of support.

People who are labeled "truly needy" can easily be viewed as "truly failing"—failing in their responsibilities to provide for themselves. Those who are told they are failures sometimes start to believe it. Even though the aid may be designed to improve their chances in life and to open up options, a carefully targeted program may worsen their self-image and self-esteem.

Moreover, others in society may interpret the aid to mean that people who receive it have little ability or motivation. One experimental program provided a group of disadvantaged persons with special vouchers which guaranteed that the government would pay a portion of wages paid by employers who hired them. Those in the program had *lower* levels of employment than did those in a randomly matched control group who had no vouchers. The apparent conclusion was that employers took the vouchers as a sign that the holders would be bad workers and so they were less inclined to hire them even though the cost of these workers to the employers would be less.<sup>12</sup>

Targeting can change the apparent rules and incentives for those who are in need. Normally, those who work the hardest and learn the most, get the greatest rewards. When money or services are targeted to those who are most in need, the rules seem to be reversed, and the basic incentives are inevitably dampened. To some degree, I am only restating the basis of the two previous conundrums: security may erode personal responsibility. But there is a more subtle point. The more attention paid to those who fail, the less seems to be the reward to those who succeed. The danger is that traditional routes to success lose both their status and their appeal.

When people see the most support and services going to those who are doing worst, it appears to the nonpoor and possibly to the poor that the needy live by different rules than does everyone else. Middle-class Americans who do not work face severe economic consequences. If there is a liberal system of

support, the consequences will appear relatively less severe for those who are the poorest. And so the rewards for initiative and hard work will be smaller.

Targeting tends to isolate politically the "truly needy" from the rest of society. If our generosity and compassion come from our sense of community, a program that creates an us-versus-them mentality tends to break down the natural connections and empathy among people. The less the public perceives that "there but for the grace of God go I," the more the public will see the needy as a different class of people with different values and attitudes from the rest of society. The erosion of empathy by targeting often shows up in diminished political support as well as less sensitivity and understanding.

People who are not succeeding need help. Many have suffered enormous deprivation and hardship. Many long for a chance to succeed. Those who are doing better do not need the help nearly as badly as those who are not. So we tend to target. Yet when we target people, we often label them, change the rules, lower their incentives, and break down the political links that help maintain public support for aid. That is the conundrum.

### Nowhere to Hide, Nowhere to Turn

The essence of the recent conservative critique of the welfare state is that these conundrums have overwhelmed us. Our attempts to help have generated such adverse effects on the work habits and family structure of the poor and have so isolated them that the government's policies have actually made things worse. The critics point to a dramatic decrease in poverty until the late 1960s, when the War on Poverty was mounted, followed by no real improvements in the lot of the poor (except for the elderly) since then. Our policies ended up being so perverse, they argue, that the War on Poverty itself was the worst enemy.

The liberals have not denied the conundrums, for their existence is readily accepted by most academics. Rather, they have asserted that the damage has been small in relation to the good that has been done. Liberals argue that the most important

influence on the poor is economic conditions. Average wage rates are lower now than they were in 1973 (adjusting for inflation), and unemployment has risen. Therefore, it is not surprising that poverty has increased, and, in the absence of these programs, it surely would have been higher. The response, then, is essentially that the damage done has been modest and that the good has been significant. And some are bold enough to call for considerable expansion of the social welfare system to help those many needy people who are still so poorly protected.

For many observers, I suspect, the response that our social welfare system does more good than harm is both unappealing and unconvincing. Calling welfare a reasonable compromise in the face of frustrating conundrums does little to inspire or reassure. It seems as if we can neither abandon the poor nor avoid the quandaries. We can put a man on the moon, but we cannot solve the problem of poverty. It appears that social policy is inevitably doomed to swings and cycles and marginal reform as dissatisfaction with one aspect of the welfare system is replaced by another.

Is such conflict inevitable? Is there no way to sidestep the conundrums, to minimize their influence, or even to find social policies that reinforce all our values, rather than create tensions between them?

These conundrums are not new. Social policy has had to wrestle with them from the beginning. Yet only recently have they seemed so dangerous and so insurmountable. It seems natural to ask how we avoided them in the past and how we might overcome them in the future.

## The History of Social Policy and the Conundrums

The history of social policy can be seen as a series of attempts to help people without interfering too seriously with the basic values of autonomy, work, family, and community. Until re-

cently, social policy succeeded in avoiding the dilemmas to a remarkable degree. But it did so by eschewing pure welfare forms that would offer generous benefits to all needy applicants, choosing instead to rely chiefly on nonwelfare forms of support linked to specific problems. If we are to avoid the conundrums in the future, we must look more to other nonwelfare supports that reflect the diverse causes and effects of poverty.

I will briefly review how we have wrestled with the conundrums in the past by looking at three different periods: the foundation, the takeoff, and the retrenchment.

### The Foundation: 1930–60

At the risk of oversimplification, I shall lump together the diverse period between the 1930s and 1960 and label it the "foundation" era.<sup>13</sup> During that time, the basic structure of our social welfare system was formed, and, by 1960, a clear and defensible system had developed. The conundrums had largely been avoided by helping essentially only those who clearly could not be expected to work and by relying heavily on universal "social insurance" benefits. The mission was clear: help only those who cannot work through no fault of their own. Protection was offered at three levels: Social Security, employment-related benefits, and means-tested benefits.

*Social Security.* Social Security was brilliant in its conception, for it managed to reinforce the values of autonomy, work, family, and community. By 1960, Social Security provided benefits to three principal groups: the elderly, the totally disabled, and families with children of deceased workers. Thus, benefits were generally limited to people who (1) had some problem or condition that was beyond their control and (2) were not expected to work. (One could argue that by 1960 widows could have been expected to work, but originally there was no such expectation. And few would suggest that they were worthy of no benefits.)

Social Security was designed as a universal system to cover